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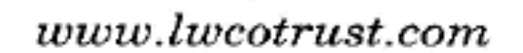

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March 4, 2022

Ms. Vanessa Countryman
Secretary
Securities and Exchange Commission
100 F Street NE
Washington, DC 20549-1090

RE: File Number S7-07-15

Dear Ms. Countryman,

On behalf of Loring, Wolcott & Coolidge, a 200-year-old investment management firm with over $12.7 billion in assets under management, we write to support improved disclosure around executive compensation. We are long-term investors, typically holding stocks for years, if not decades. Additionally, we frequently consider the impact that corporate decision-making can have at the company level and on society as a whole. The widening chasm in compensation between the highest-paid executives and the "typical" worker represents an unhealthy and unsustainable governance problem – one that can be costly to a company's reputation, undermine an otherwise motivated and engaged workforce, and slow overall economic growth.

To address this growing problem, we generally encourage companies to embrace less complexity and longer time horizons when designing compensation plans. Our views on compensation, as expressed in our Proxy Voting Guidelines[1], are continually refined to reflect governance best practices and evidence-based strategies to improve transparency in incentive design. We recognize that performance-based awards can be effective elements of compensation and want to see them structured and disclosed appropriately. To this end, we appreciate the Commission reopening the comment period for its proposal to implement Section 953(a) of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, and we offer the following recommendations:

- **Increase emphasis on meaningful time horizons for long-term compensation.** We view the "long term" to be at least five years, and as a result find many compensation plans to be insufficiently incentivizing long-term performance, and in some cases actually encouraging very short-term thinking. We welcome the inclusion of five years of history in the proposed table. We suggest the Commission put additional emphasis on longer time periods, for example by requiring companies to report five-year

[1] Available at: https://sustainabilitygroup.com/wp-content/uploads/2022/01/LWC-PROXY-VOTING-GUIDELINES.pdf

cumulative compensation and Total Shareholder Return (TSR) in addition to single-year numbers for the compensation year(s) in review.

- **Increase visibility of internal equity.** The proposed changes are very focused on the relationship between compensation actually paid and financial performance. We believe there is an opportunity to draw greater attention to the issue of internal equity in the proposed disclosure. We suggest including a ratio demonstrating how compensation actually paid compares to the median employee compensation number already calculated for the CEO Pay Ratio section of the proxy.
- **Include discussion of Environmental, Social, and Governance (ESG) in Five Most Important Performance Measures.** We support disclosure that will bring more clarity to which specific, nonfinancial metrics have the most impact on compensation actually paid. Investors expect to see—in dollar figures—how compensation actually paid is attributable to performance against different metrics, including ESG metrics. Further, if a company uses performance-based awards, but does not incorporate ESG metrics therein, the company should be required to explain why not.
- **Disclose Compensation Actually Paid to each individual Named Executive Officer (NEO)**, rather than the average paid to non-CEO NEOs. Market participants know that the highest-paid executives are often – but not always – the current chief executive. Disclosing these figures at the individual level would be consistent with the disclosure in the Summary Compensation Table and would add useful detail.
- **Exclude peer group TSR.** We do not find a company's self-selected peer group to be a useful tool for comparison or other analysis. On the contrary, we find that the peer group is often engineered to cast the company in a favorable light. We suggest excluding it from the proposed disclosure to limit opportunities for misleading disclosure.

We appreciate the opportunity to provide comment on this vital issue to shareholders.

Sincerely,

W. Andrew Mims
Trustee and Partner

Larisa Ruoff
Director of Shareholder Advocacy